

Message Text

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ACTION EUR-12

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R 061750Z MAR 78
FM AMCONSUL MONTREAL
TO SECSTATE WASHDC 131
AMEMBASSY OTTAWA
AMCONSUL QUEBEC
AMCONSUL TORNOT

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E.O. 11652: NA
TAGS: ECON, CA
SUBJECT: CANADIAN PACIFIC HEAD SPEAKS ON HEAD OFFICES

REF: MONTREAL 423

1. IN SUNDAY INTERVIEW ON CTV TELEVISION, IAN SINCLAIR,
CHAIRMAN OF CANADIAN PACIFIC, WAS QUESTIONED ON LIFE IF QUEBEC
FOR A TRANSNATIONAL HEAD OFFICE. SINCLAIR SAID THAT CP'S
HEAD OFFICE COULD NOT REMAIN IN QUEBEC IF ALL REGULATIONS
UNDER BILL 101 WERE ENFORCED, BUT HE STRESSED THAT PROVINCIAL
GOVERNMENT SO FAR, IN CASE OF CP, HAD MADE NO EFFORTS TO ENFORCE
BILL 101, OR TO FORCE CP HEAD OFFICE TO OPERATE IN FRANCH.
MOREOVER, SINCLAIR SAID THAT HE DOUBTED THAT QUEBEC GOVERNMENT
HAD JURISDICTION TO REQUIRE CP HEAD OFFICE OPERATE IN FRENCH.
(SEE COMMENT).

2. ON SUBJECT OF MOVES OF HEAD OFFICE PERSONNEL, SINCLAIR SAID
THAT CP HAD MOVED PEOPLE WHO PERFORM SPECIFIC FUNCTIONS, SUCH
AS FINANCIAL OPERATIONS, WHICH CAN BEST BE PERFORMED IN CENTER
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WHERE OTHER PEOPLE ARE PERFORMING SAME FUNCTIONS. EACH COUNTRY
HAS ONLY ONE FINANCIAL CENTER, AND IN CASE OF CANADA, FINANCIAL
CENTER WAS TRONOT. NO MATTER WHAT PARTI QUEBECOIS DID, MONTREAL
QOULS NEVER AGAIN BE FINANCIAL CENTER OF CANADA. MONTREAL COULD,
HOWEVER, REGAIN ITS COMMERCIAL DYNAMISM, BUT GOVERNMENT MUST BE
CAREFUL, AS MONTREAL'S POSITION AS A CENTER FOR NUMBER OF HEAD
OFFICES COULD BE DESTROYED.

3. WITH REGARD MOVE OF SUN LIFE, OF WHICH HE IS DIRECTOR, SINCLAIR INFERRED THAT PUBLIC CONFIDENCE WAS A MAJOR FACTOR, AS SOME PEOPLE, RIGHTLY OR WRONG, WERE NERVOUS ABOUT CAPABILITY OF SUN LIFE, GIVEN ITS QUEBEC LOCATION, TO MEET ITS OBLIGATIONS. AS TO FUTURE OF CP, SINCLAIR SAID COMPANY INTENDED TO STAY IN QUEBEC AS LONG AS IT COULD OPERATE EFFECTIVELY. WHILE COMPANY HAD EXPERIENCED SOME DIFFICULTIES IN ATTRACTING PERSONNEL TO QUEBEC, THIS HAD NOT YET BECOME SUFFICIENTLY SERIOUS TO FORCE COMPANY TO TAKE TRAUMATIC STEP OF CONSIDERING MOVE.

4. WHEN QUESTIONED ABOUT BEST PLACE FOR INVESTMENTS TODAY, SINCLAIR NAMED US WHERE BUSINESS WAS STILL SEEN AS MOTOR THAT DRIVES ECONOMY AND WHERE LEVEL OF RESPECT FOR BUSINESS WAS AGAIN GROWING, FOLLOWING LOW POINTS OF SEVERAL YEARS AGO.

5. COMMENT: AT SOCIAL FUNCTION, COUNSUL GENERAL HAD OPPORTUNITY QUESTION MAURICE FORGET, WHO IS IN CHARGE OF BILL 101 ENFORCEMENT FOR PROVINCIAL GOVERNMENT, ON SINCLAIR'S STATEMENT THAT PQ LACKS JURISDICTION IN LANGUAGE ISSUE AS IT RELATES TO TRANSNATIONAL HEAD OFFICES. SURPRISINGLY PROMPTLY, FORGET SAID THAT SINCLAIR WAS PROBABLY RIGHT. HE BASED HIS AGREEMENT ON FACT CP IS FEDERALLY-CHARTERED TRANSNATIONAL COMPANY AND STATED SAME CRITERION WOULD APPLY TO BANKS AND CROWN CORPORATIONS.
HARPER

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